

ER-5-6132

27 May 1954

MEMORANDUM FOR: Deputy Director (Administration)

SUBJECT : Status of Fiscal Year 1952 Funds Obligated Against
Procurement Contracts in Custody of Finance Division

REFERENCES : a. Attached memorandum for Col. White dated 30 April 25X1A9a
54 signed by [REDACTED]
b. Attached memorandum to Chief, PD/IO, dated 7 April 25X1A9a
54 signed by [REDACTED]
c. Attached memorandum to Comptroller from Finance
Division dated 20 May 1954.

1. References a. and b. have been reviewed by you early in May and forwarded to this Office for our information. Reference c. is forwarded herewith for your review and information, and our comments and recommendations with respect to Reference c. are included herein.


2. Reference c. is a memorandum from the Finance Division to this Office which indicates the probable amount of procurement contracts which will not be completely settled by 30 June 1954, at which time the 1952 appropriation against which such contracts have been obligated will lapse to the general fund of the Treasury. In that memorandum, therefore, the Finance Division recommends that all such contracts be settled on an interim basis either by entering into a written agreement with the contractor providing, in effect, for payment of all claims submitted and release of all withholdings before site audit with the stipulation that final settlement shall be made after completion of site audit and contractor shall refund to the Government any sums found to be due as a result of the site audit; or by drawing a check in favor of each contractor while 1952 funds are available for expenditure and not release the check until final settlement is accomplished.

3. It is the conclusion of this Office that neither of the recommendations of the Finance Division should be followed and that instead we should handle these cases as we have each year in the past, i.e., forward all 1952 vouchered contract settlements to the General Accounting Office for payment and settle all unvouchered contracts from current available appropriations pursuant to CFR 12.6.

4. Our reason for not agreeing with the Finance Division recommendations is that the first proposal of making settlement and collecting refunds subsequently is a dangerous practice from the standpoint of the Agency not being able to collect in some instances, and the second proposal could be interpreted as circumventing the law pertaining to lapsed appropriations.

5. In connection with this proposal, I would like to call your attention to the fact that for the 1952 appropriation alone there are, per the attached memorandum from the Finance Division, ninety-eight contracts that are unsettled; and if the majority of these contracts should suddenly be submitted all at once for settlement rather than spread out over a period of time, the Industrial Contract Audit Branch would be completely swamped since they have only twenty-six auditors to handle these as well as the 1953 and 1954 contracts. Also, in connection with this problem I should like to point out that this situation with respect to unpaid contracts obligated against lapsed appropriations occurs each year and demonstrates the necessity of this Agency having no-year or perhaps five-year money. Other agencies which have a similar problem with respect to research contracts, i.e., that cannot be completed within the normal three-year span of an appropriation, have been relieved of the problem through the assignment of no-year appropriations or funds with longer term limitations than the normal three years.

6. If you agree that we should continue to follow our prior year practice of settlement rather than follow the proposals of the Finance Division, please indicate by concurring in the space provided below.


E. R. SAUNDERS
Comptroller

25X1A

Attachments

CONCUR:

L. K. WHITE
Deputy Director (Administration)

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